

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

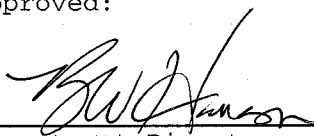
11-0053R

RESOLUTION AUTHORIZING AN AGREEMENT WITH THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY (DEDA) TO INSURE CERTAIN DEDA PROPERTY UNDER THE CITY'S PROPERTY AND BOILER INSURANCE POLICIES.

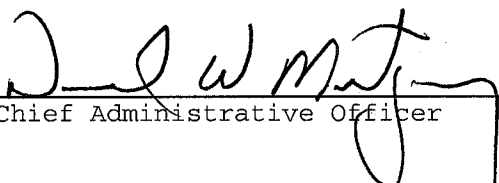
CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to execute an agreement with the Duluth economic development authority (DEDA), substantially in the form of that on file in the office of the city clerk as Public Document No. \_\_\_\_\_, pursuant to which certain DEDA property will be insured under the city's property and boiler insurance policies for the period from February 16, 2011 to February 16, 2012, and for which DEDA shall reimburse the city in an amount not to exceed \$14,955, to be deposited in Self Insurance-Liabilities Fund 610-036-1656-4904.

Approved:

  
\_\_\_\_\_  
Department Director


Approved for presentation to council:

  
\_\_\_\_\_  
Chief Administrative Officer

Approved as to form:

  
\_\_\_\_\_  
Attorney

Approved:

  
\_\_\_\_\_  
Auditor

DEDA/ATTY JC:dma 01/25/2011

STATEMENT OF PURPOSE: This resolution authorizes the execution of an agreement with DEDA pursuant to which DEDA-owned buildings will be insured under the City's property and boiler insurance policies which will provide property insurance for DEDA's property at a cost which will represent a substantial savings to DEDA. The cost to DEDA for the City's property policy is based on a \$.5216 per thousand of insured value plus \$1,217.55 in estimated boiler insurance. The cost if DEDA were to obtain its own property insurance would be in the neighborhood of \$1.00 per thousand insured value. The City has a blanket property policy with a \$100,000 deductible. DEDA will pay the City up to \$14,955 for the additional

coverage. The buildings being insured are the MRO Building, the Temple Opera Building, the Norshor Annex and the Norshor Theatre.

**AGREEMENT TO INSURE CERTAIN DEDA PROPERTY UNDER THE CITY OF  
DULUTH'S PROPERTY INSURANCE POLICY**

Pertaining to the period of February 16, 2011 to February 16, 2012

This Agreement is by and between the DULUTH ECONOMIC DEVELOPMENT AUTHORITY (Authority), and the CITY OF DULUTH (City).

WHEREAS, buildings owned by the City are insured with Affiliated FM Insurance Company located at 300 S. Northwest Highway, Suite 100, Park Ridge, IL 60068 through the City's insurance agent, Robert Zimmerman of Liscomb-Hood-Mason Co.; and

WHEREAS, the City maintains equipment breakdown insurance coverage (commonly known as boiler insurance) and inspection through Hartford Steam Boiler Inspection and Insurance Company located at 595 East Swedesford Road, Wayne, PA 19087 through the City's insurance agent Paul Johnsen of Henry A. Anderson Agency, Inc. ; and

WHEREAS, the City's property insurance coverage and boiler insurance coverage runs from February 16, 2011 to February 16, 2012; and

WHEREAS, the Authority desires to insure certain of its property through the City's policies of insurance.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. ALL RISK BLANKET POLICY AND BOILER POLICY

The City hereby agrees to include the following Authority properties on the City's boiler policy and on the City's all risk blanket policy which covers buildings and business personal property:

- a. MRO Building, 4400 Stebner Road, Duluth, MN 55811
- b. Opera Temple Building, 201, 203 and 205 East Superior Street, Duluth, MN 55802
- c. Norshor Annex, 207, 209 and 213, East Superior Street, Duluth, MN 55802

- d. Norshor Theatre, 211 East Superior Street and 8 N. 2<sup>nd</sup> Avenue East, Duluth, MN 55802

The value of the MRO Building for purposes of property insurance is \$15,655,133 with business personal property of \$25,000 for a total insurable value of \$15,680,133. The combined value of the Opera Temple, Norshor Annex and Norshor Theatre for purposes of property insurance is \$9,097,707 with business personal property of \$50,000 for a combined total estimated insurable value of \$9,147,707. The cost of the boiler insurance for the MRO Building, the Opera Temple Building, the Norshor Annex and the Norshor Theatre (together, the "Authority Buildings") is \$1,217.55. Authority shall be named a lien holder on the insurance policies. The City agrees to immediately pay over to Authority any claim settlements on any of the Authority Buildings. Additionally, Authority shall immediately be provided any notices pertaining to the Authority Buildings. The Authority shall immediately notify the City's claims investigator/adjustor or designee (the City Adjustor) of any changes that may affect the value of any of the Authority Buildings.

2. TERM OF INSURANCE COVERAGE

The Authority Buildings shall be insured for the period of February 16, 2011 to February 16, 2012.

3. PAYMENT BY AUTHORITY.

The City's buildings are insured based on an approximate amount of \$.5216 per thousand dollars of value. Authority agrees to pay City for insuring the MRO Building in an amount not to exceed \$9,166 (an estimated amount of \$8,166 for property insurance plus \$600 for boiler insurance plus \$400 contingency) payable from DEDA Fund 0866, Dept. 860, Obj. 5362 and for insuring the Temple Opera Building, the Norshor Annex and the Norshor Theatre in amount not to exceed \$5,789 (an estimated amount of \$4,771.45 for property insurance plus \$617.55 for boiler insurance plus \$400 contingency) payable from DEDA Fund 0860, Dept. 860, Org. 8646, Obj. 5362, for a total amount not to exceed \$14,955.

4. MUTUAL COOPERATION

The Authority shall immediately give notice to the City of any damage to the Authority Property. The City Adjustor in cooperation with Authority's Executive Director

will handle the processing of any claims involving the Authority Buildings. The City and Authority shall fully cooperate with the insurance companies in processing any claims.

5. POINT OF CONTACT

The point of contract for each of the parties to this Agreement shall be as follows:

City of Duluth: Don Douglas  
City of Duluth  
410 City Hall  
411 West First Street  
Duluth, MN 55802  
(218) 730-5276

Authority: Brian Hanson  
Duluth Economic Development Authority  
402 City Hall  
411 West First Street  
Duluth, MN 55802  
(218) 730-5310

6. WAIVER

Any waiver by either party of any provision of this Agreement shall not imply a subsequent waiver of that or any other provision.

7. APPLICABLE LAW

This Agreement, together with all of its paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder shall be in a court located in St. Louis County, Minnesota. However, litigation in the federal courts involving the parties shall be in the appropriate federal court within the State of Minnesota.

8. SEVERABILITY

In the event any provision herein shall be deemed invalid or unenforceable, the remaining provisions shall continue in full force and effect and shall be binding upon the

parties to this Agreement.

9. ENTIRE AGREEMENT

It is understood and agreed that the entire agreement of the parties is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. Any amendment to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.

CITY OF DULUTH

DULUTH ECONOMIC DEVELOPMENT  
AUTHORITY

By \_\_\_\_\_  
Mayor

By \_\_\_\_\_  
President

Attest: \_\_\_\_\_  
City Clerk

By \_\_\_\_\_  
Secretary

Countersigned:

\_\_\_\_\_  
City Auditor

Approved as to form:

\_\_\_\_\_  
City Attorney

attorney/deda/gf/propertyinsurance/agreement